

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:)

)

Pari-Mutuel and Wagering)

Committee)

_____)

TELECONFERENCE

WEDNESDAY, MARCH 16, 2022

9:30 A.M.

Reported by:

Martha Nelson

APPEARANCES

BOARD MEMBERS

Dennis Alfieri, Chair

Damascus Castellanos, Commissioner

STAFF

Scott Chaney, Executive Director

Cynthia Alameda, Assistant Executive Director

Amanda Brown, Staff Counsel

Amanda Drummond, Policy, Regulations, and Administrative
Hearings Manager

Shawn Loehr, Chief of Licensing and Enforcement

Darrel McHargue, Chief Steward

Francisco Gonzales, Audit Supervisor

Zachary Voss, Regulation Analyst

Mike Marten, Public Information Officer

ALSO PRESENT

Gene Chabrier, Xpressbet

Chad Rainey, Churchill Downs Incorporated

J. Curtis Linnell, Thoroughbred Racing Protective Bureau

Ryan Sersen, AmTote International

David Payton, AmTote International

Mary Forney, Thoroughbred Owners of California

PUBLIC COMMENT

Patrick Cummings, Thoroughbred Idea Foundation

APPEARANCES

PUBLIC COMMENT

Bonnie Croker, Kill Racing Not Horses

Heather Wilson

Martha Sullivan, Kill Racing Not Horses

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PAGEAction Item:

1. Discussion regarding potential regulatory changes in light of the scratch and subsequent purse money only designation of Modern Games in the Breeders' Cup Juvenile Turf. 2
 2. Public Comment: Communications, reports, requests for future actions of the Board. Note: During the public comment period, a total of thirty minutes will be allowed for public comments via the teleconference line. After thirty minutes, no further comments will be accepted. Each person will be limited to two minutes. 47
- Adjournment 52

P R O C E E D I N G S

9:33 A.M.

TELECONFERENCE, WEDNESDAY, MARCH 16, 2022

COMMISSIONER ALFIERI: Good morning. This is a noticed meeting of the Pari-Mutuel and Wagering Committee conducted by teleconference, pursuant to Executive Order N-29-20.

Participating in this meeting are myself, Dennis Alfieri, Chair, and Commissioner Damascus Castellanos, Member. We are joined by: Scott Chaney, Executive Director; Cynthia Alameda, Assistant Executive Director; Robert Brodnik, Chief Counsel; Amanda Brown, Staff Counsel; Amanda Drummond, Manager of Policy and Regulations; Shawn Loehr, Chief of Licensing and Enforcement; Darrel McHargue, Chief Steward; Francisco Gonzales, CHRB Audit Supervisor; Zachary Voss, Regulation Analyst; and Mike Marten, Public Information Officer.

The Committee invites input on matters appearing on the meeting agenda. Procedurally, the Committee will first hear from those directly involved in the agenda item. I will then invite public comment on the agenda item. Those wishing to speak must follow the directions of the operator to have their individual phone lines opened for comment.

Unsolicited speakers are limited to two minutes.

1 During all public comments a bell will be rung after the
2 first 90 seconds, meaning the speaker will have an
3 additional 30 seconds remaining to conclude his or her
4 remarks. At two minutes a more distinctive sound will be
5 heard to indicate the speaker's time is up. The Committee
6 may ask questions of individuals who speak which may extend
7 their two-minute limit.

8 I will insist that all speakers stay strictly on
9 topic for each agenda item. If a speaker strays off topic,
10 I will ask the operator to move to the next caller. If a
11 speaker repeats himself or herself, I will ask if the
12 speaker has any new comments to make. If there are none,
13 the speaker will be asked to let others make comments to the
14 Board.

15 If anyone has comments of a more general nature
16 that are not specific to agenda item number one, those
17 comments must wait until agenda item number two during the
18 public comment period. There will be a 30-minute time limit
19 for item number two, public comment. In order to allow as
20 many individuals to speak as possible within that half-hour,
21 I will strictly enforce the two-minute time limit for each
22 unsolicited speaker.

23 So item number one, agenda item number one, we're
24 discussing the -- regarding potential regulatory changes in
25 light of the scratch and subsequent purse money only

1 designation of Modern Games in the Breeders' Cup Juvenile
2 Turf.

3 And I'd like to call on Scott Chaney to gives us a
4 little bit of insight on the historical and the background
5 and why this -- why we're discussing this today.

6 Scott?

7 MR. CHANEY: Yeah, thank you, Commissioner Alfieri
8 and good morning.

9 In the wake of the Modern Games incident the CHRB
10 received a fair amount of criticism, some of which was fair
11 and some of which was not. One of the common themes I heard
12 was the perception that the wagering public was often the
13 last stakeholder considered when the regulatory establishes
14 policy and promulgates regulations.

15 Well, I'm not sure that it entirely true as I can
16 certainly assert that in my time as a steward the wagering
17 public was always considered in any decision we made.
18 Nevertheless, I can see that there may be some truth to that
19 concern. And I also acknowledge that perception is
20 important.

21 Therefore, while there will undoubtedly be many on
22 this call that were and are disappointed that the CHRB did
23 not file a complaint following our investigation in the
24 Modern Games incident, I can assure you that the CHRB
25 genuinely wants to hear suggestions with respect to how our

1 regulations, particularly those regarding pari-mutuel
2 wagering, can be improved. The purpose of this Committee
3 meeting is to hear those very suggestions.

4 Examples of ideas that I heard immediately
5 following the incident were many and varied, some of which I
6 thought made sense and some of which I thought seemed more
7 reactionary than substantive. One suggestion was that when
8 a horse is mistakenly removed from the wagering pool, that
9 we simply put them back in. Personally, I think this is a
10 bad idea as it compounds a problem rather improves it.

11 Another suggestion was that we should do away with
12 CHRB Rule 1974 and simply leave a horse scratched, even when
13 it is mistakenly taken out of the pool through no fault of
14 the owner or trainer. This would eliminate the concept of a
15 horse running for purse money only. While I do not agree
16 with the idea, it is not without merit and, perhaps,
17 something we will hear about today.

18 Lastly, and admittedly a bit more technical, many
19 have suggested that alternate selections in Pick 4s, 5s and
20 6s be available to ADW wagerers and not just those wagering
21 at brick-and-mortar facilities. Frankly, this makes sense
22 to me and I believe this is an avenue we should pursue.

23 However, this Committee meeting is about you,
24 stakeholders and wagering public, and what you think is
25 important, and ideas and suggestions by and from you. To be

1 clear, grievances about last November, while not
2 unimportant, will not aid this Committee and the CHRB in
3 improving for the future, and this future includes the
4 wagering public, as it is a stakeholder, which matters to
5 us.

6 At this point, Mike Marten, who I believe is also
7 on the line, may be able to add some historical context to
8 the discussion we are about to have.

9 Mike, do you have anything to add?

10 MR. MARTEN: Yes. I want to discuss a couple
11 points. One is the ADWs.

12 You know, when this rule was passed in the early
13 '90s, the alternate selections, almost all wagering was done
14 at brick-and-mortar facilities. And the terminals don't
15 have the capability for manual input of alternative
16 selections, so the tote companies devised a way to use index
17 cards. It's the same type of card you fill out if you go to
18 a liquor store and buy a lottery ticket, you have to fill
19 out an index card, and that's how ultimate selections are
20 used at brick-and-mortar facilities, where you can take the
21 card and run it through the machine yourself or hand it to a
22 teller.

23 We've been encouraging the ADWs to, with the
24 growing of advanced deposit wagering, we've been encouraging
25 the ADWs to add alternates to their menu. And really happy

1 to hear that Xpressbet has just -- has done just that. We
2 have a diagram in the packet that you can see. And we have
3 Gene Chabrier with Xpressbet on the line and he can
4 elaborate on that.

5 You know, I think it's a good selling point for an
6 ADW to offer alternate selections because it's really easy.
7 You're already inputting the data yourself and you just
8 choose an alternate at the same time. That's less
9 cumbersome than filling out an index card at the racetrack.
10 A lot of people that initially filled out index cards
11 stopped doing it. They just didn't like that extra step.
12 Well, with ADW offering an alternate, there really is no
13 extra step. It should be very easy. And I think Xpressbet
14 has a leg up on the other ADWs by putting this into play
15 right now. So that's my comment about ADW.

16 Something you didn't mention, Scott, but that's
17 been brought up, the idea of extending consolations to what
18 we call Pick N races, which is the races with legs of four
19 or more, Pick N, like Nancy. We explored that some time
20 ago, I lose track of time but I'm going to guess it's been
21 10 to 15 years ago and were told by the tote companies that
22 it wasn't really practical. There were technical
23 complications because the Daily Doubles and the Pick 3s that
24 do offer consolations are processed much differently than
25 our Pick 4s, 5s, 6s, 7s, and that complication would delay

1 payout considerable.

2 I've asked a representative of AmTote to explore
3 that, to revisit that, and I see that he's dialed in. so
4 we're going to call on Dave Payton at some point. And
5 there's also another AmTote representative here, Ryan
6 Sersen, who I think Dave probably invited to help out with
7 the explanation, and we'll see if a consolation in Pick N
8 races are more practical now.

9 But I would caution everyone that that -- while
10 that might be more practical right now, I'm not sure that it
11 would be a popular move among betters because, after all,
12 when you put in a Pick 6 ticket, you're looking for a huge
13 payout. And if your scratched horse ends up with a
14 consolation, rather than an alternate or a favorite, you're
15 actually being eliminated from the chance to have that big
16 payout. You're taking a smaller consolation.

17 And I'd really like to hear from betters about
18 whether they would favor having consolation payouts in Pick
19 N races. I suspect they would rather just go with the --
20 either the scratch or the alternate.

21 Which brings us back to ADWs. If ADWs would
22 provide -- all ADWs would provide for alternates, that
23 would, to me, be the solution. But as Scott said, it's not
24 up to me or him or anyone with the Board to decide this. We
25 hope to hear from the fans right now and in the future.

1 So that's what I had to say.

2 COMMISSIONER ALFIERI: Well, thank you, Mike and
3 Scott. I'm hoping that we have some of the stakeholders
4 that are called in and we can jump right in and hear from
5 them. I can call on Commissioner Damascus Castellanos.

6 Damascus, do you have any comments to start out
7 with at all or would you prefer to wait?

8 COMMISSIONER CASTELLANOS: At this time, yeah, I
9 would kind of hold off on any full comments.

10 But just to reiterate what has already been said
11 is exactly where we're at, is that we need to know what the
12 technology can do for us today that it couldn't do before,
13 such as what Mike has mentioned. And if something can be
14 changed to improve and to help out in this matter, then of
15 course, I mean, let's entertain that.

16 But, yeah, I'll hold off until we hear further.

17 COMMISSIONER ALFIERI: Yeah.

18 COMMISSIONER CASTELLANOS: Thanks. I just wanted
19 to give you that opportunity.

20 Okay, so are there -- can we call on -- are there
21 some of the stakeholders? And I'd like to call on them
22 first, or ADW operators, you know, some of our individuals
23 that were directly and are directly involved in this. And
24 I'd love to hear, again, more positive comments. And let's
25 just move forward from all of this and improve. How do we

1 improve? And so we don't want to dwell on the past. I
2 really want to move forward with some constructive ideas and
3 thoughts. Because if it does require a rule change, we will
4 do that, but I'm sure the Commission, the Board, will take
5 this up immediately as we can.

6 So are there --

7 MR. MARTEN: Well, Gene Chabrier would be the
8 logical first person.

9 If you can press star one?

10 COMMISSIONER ALFIERI: Okay. Can we hear from
11 Gene?

12 OPERATOR: Okay. Our first comment comes from
13 Gene Chabrier with Xpressbet.

14 MR. CHABRIER: Good morning.

15 COMMISSIONER ALFIERI: Good morning.

16 MR. CHABRIER: Gene Chabrier. I'm with Xpressbet?
17 How are you today?

18 COMMISSIONER ALFIERI: Fine. Very good. Thank
19 you for being here, for calling in and taking the time here.

20 MR. CHABRIER: Excellent.

21 COMMISSIONER ALFIERI: Go ahead.

22 MR. CHABRIER: Well, I am pleased. I am pleased
23 to tell the Board that, you know, Xpressbet has this option
24 open on one of our wager pads. We do have three wager pads
25 and it's available on our Pro. Any one of the Xpressbet

1 customers can go into their menu and pick this wager pad.
2 It's kind of a beta right now. We're looking into it,
3 checking on popularity, how often this is used, before we,
4 you know, spread it across all the wager pads that we have
5 available.

6 And what the feature does right now is at the time
7 that a customer is putting in their wager, they'll have
8 their first pick. And then they also, in each leg, can pick
9 an alternative if that first horse scratches. So when
10 they're building their wager, you know, they would basically
11 enter, you know, their first pick and then an alternate, you
12 know, from a different tab on the wager pad.

13 And I know not everyone can see it but Mike did
14 say that, you know, it is in the packet and you would, you
15 know, toggle between the two options of, you know, your pick
16 and alternate and, you know, you build your wager that way.
17 That's eliminating, you know, having to go with, you know,
18 the race-day favorite, et cetera.

19 So that's how it works. Let me know if you have
20 any questions.

21 COMMISSIONER ALFIERI: Scott, any thoughts
22 since --

23 MR. MARTEN: Well --

24 MR. CHANEY: Yeah, maybe -- yes.

25 MR. MARTEN: Well, I was curious --

1 MR. CHANEY: This is --

2 MR. MARTEN: -- Gene, how long has this been in
3 the works? And what motivated you to do this, whereas the
4 other ADWs, as far as I know, have not?

5 MR. CHABRIER: Well, it's been available through
6 AmTote. We launched it February 15th, to be exact. You
7 know, they, I think, they built it based on the fallout from
8 the Breeders' Cup.

9 MR. MARTEN: Oh. I'm sorry I interrupted you,
10 Scott. Were you going to say something?

11 MR. CHANEY: Yeah. No worries, Mike. You're
12 knowledgeable in these areas.

13 Mr. Chabrier, any indications yet about how
14 popular it is or if the ADW wagerers actually avail
15 themselves of this choice?

16 MR. CHABRIER: It is being used. We're still kind
17 of analyzing how popular it is. You know, we really haven't
18 marketed it yet, so people were just kind of stumbling upon
19 it naturally right now. So you know, we'll, you know, we'll
20 give it a few weeks and I'll send some information to Mike
21 and he can pass it on.

22 MR. CHANEY: And what are the negatives for an ADW
23 company? Obviously, it's a -- it seemed -- appeared to be
24 like a good service to your customers. I mean, obviously,
25 there's some costs in terms of developing the software, the

1 programming. But what are the -- are there negatives
2 involved?

3 MR. CHABRIER: No. I mean, just we're kind of --
4 there really isn't a negative. It just -- we're just trying
5 to make it easier on our players. And we're also, you know,
6 wanting to make sure that, you know, we built the right
7 thing.

8 MR. CHANEY: Right. Do you have any feel for --
9 obviously, like in single-race wagers they're, you know,
10 refunded the standard, and then two and three, the
11 consolation in which -- and Mike kind of alluded to this
12 earlier. Any feedback from any of our customers regarding
13 like the refund concept for Daily Doubles and Pick 3s?

14 MR. CHABRIER: Your Honor, I'm not quite sure on
15 how to answer that one. I don't really touch the customer
16 that often, unfortunately.

17 MR. CHANEY: Okay. Fair enough. Thank you.

18 MR. MARTEN: Well, it was --

19 COMMISSIONER ALFIERI: Commissioner Castellanos --

20 MR. MARTEN: -- I see --

21 COMMISSIONER ALFIERI: -- do you have any
22 questions for him?

23 COMMISSIONER CASTELLANOS: Yeah, I do. I do.

24 You mentioned that this has been available since,
25 was it February that you mentioned?

1 MR. CHABRIER: Yes.

2 COMMISSIONER CASTELLANOS: February of this year?

3 MR. CHABRIER: Yes. The 15th.

4 COMMISSIONER CASTELLANOS: Okay.

5 MR. CHABRIER: Yes, this year.

6 COMMISSIONER CASTELLANOS: And you mentioned --

7 MR. CHABRIER: Yeah.

8 COMMISSIONER CASTELLANOS: I'm sorry. Go ahead.

9 MR. CHABRIER: I said it's just, you know, been
10 available for a month. And you know, like I said, we
11 haven't quite marketed it yet. And you know, it's something
12 that, you know, once we get through this, you know, beta
13 phase, you know, we'll probably, you know, bring it more to
14 the attention of the customers.

15 COMMISSIONER CASTELLANOS: That was my next
16 question. So the beta phase that you're in, I get it, it's
17 kind of, you know, testing features.

18 What has -- you said something earlier, but what
19 has kind of held you back from putting it out there
20 completely?

21 MR. CHABRIER: Just making sure that this is --
22 that the right pool, that it's going to, you know, help the
23 customers that do not want the (indiscernible) favorite.

24 COMMISSIONER CASTELLANOS: Got it.

25 COMMISSIONER ALFIERI: Um-hmm.

1 COMMISSIONER CASTELLANOS: Okay. Thank you.

2 MR. MARTEN: So I don't want to put anybody on the
3 spot. I see people have dialed in from -- others with
4 Xpressbet and with Churchill Downs Thoroughbred Races
5 Protective Bureau. And I'm not going to name them. They
6 may just be in listen-only mode.

7 But if anyone with an ADW or TRPB would like to
8 speak to these issues, would you please press star one to
9 enter the queue, which will let us know that you're
10 interested in talking?

11 COMMISSIONER ALFIERI: Thank you.

12 MR. MARTEN: Okay. And we did get Churchill Downs
13 now.

14 Operator, would you let Chad speak?

15 OPERATOR: Okay. We have Chad Rainey with
16 Churchill Downs Incorporated.

17 MR. RAINEY: Hello. Thanks for the opportunity to
18 chime in here. Just wanted to let you all know that, you
19 know, this is a tool that our product team has been looking
20 at. And you know, obviously, not as far along to, you know,
21 put anything out there. As I think was highlighted, there
22 are some, you know, development costs and time that need to
23 be taken into consideration. But you know, it's not
24 something lost on us that it's, you know, favorable to the
25 players. And it is something we have been thinking about

1 and talking about internally but just have not, you know,
2 made as much progress as others.

3 So you know, to the extent the Board chooses to
4 proceed with any regulations, I think we would just like to
5 ask that, you know, those development time and cost
6 consideration be taken into account in looking at that
7 stuff.

8 COMMISSIONER ALFIERI: Okay. Okay. That makes
9 sense.

10 MR. CHANEY: Commissioner Alfieri, if you don't
11 mind, Scott Chaney, Executive Director.

12 COMMISSIONER ALFIERI: Absolutely. Go right --

13 MR. CHANEY: Yeah.

14 COMMISSIONER ALFIERI: -- go right ahead.

15 MR. CHANEY: Yeah. Chad, I'm not sure like
16 something like this -- I mean, we're kind of focusing on
17 this alternate selection. But of course, hopefully, this
18 Committee will be like a larger discussion. I mean, who
19 knows. Maybe it won't.

20 But I'm not sure this specific thing would require
21 a regulatory change. But I do know that ADW licenses come
22 up again, you know, they're reviewed every two years and
23 come up again at the end of the year this year, is like do
24 you foresee any -- like what kind of timeline would you
25 need? You know, should be condition a license or something

1 on that?

2 MR. RAINEY: Good question. And, unfortunately, I
3 don't have a good answer to that right now. I think that's
4 something I would rely on, you know, our technical team to
5 lay out and just haven't had enough time between, you know,
6 the notice of this meeting to substantially flesh all of
7 that out on our side. But you know, if it's something you
8 would like a more specific answer to, I'm happy to try and
9 track that down and we can, you know, let you know, and in
10 the future once we know what it looks like.

11 MR. CHANEY: Okay. Yeah. It really just depends.
12 I mean, obviously, no decisions can be made today. I mean,
13 this Committee will make some recommendations to the Board
14 tomorrow.

15 Is this something that, I mean from a
16 (indiscernible) standpoint, is this something that you'd
17 like to offer or you think is a good idea or you think is
18 just so cost prohibitive and will be utilized so
19 infrequently that it's not kind of worth the time and money?
20 I mean, obviously, those are factors. But you know,
21 customer happiness is too.

22 MR. RAINEY: Correct. Yes. And I think those are
23 all things that our team is considering as they look at and
24 kick around this idea. So you know, I think, definitely,
25 the things on the front of our mind and considerations as we

1 look at this type of functionality.

2 MR. CHANEY: All right. Okay. Thanks so much.

3 Thanks, Commissioner Alfieri.

4 MR. RAINEY: Thank you.

5 COMMISSIONER ALFIERI: Yeah. Thank you, Chad.

6 MR. MARTEN: I don't see any -- (clears throat).

7 Excuse me. I don't see any other ADW reps pressing star one
8 right now, so I guess we would have to move on from -- well,
9 do we want to move on to AmTote or did you want to explore
10 this ADW concept further, even though there's no more
11 speakers?

12 COMMISSIONER ALFIERI: I think we move along and
13 hear from others, so AmTote or any other stakeholders, so if
14 we can?

15 MR. MARTEN: Okay. Well --

16 COMMISSIONER ALFIERI: (Indiscernible.)

17 MR. MARTEN: J. Curtis Linnell has just pressed
18 star one with Thoroughbred Racing Protective Bureau. He's a
19 very knowledgeable person and I think we should hear from
20 him next.

21 COMMISSIONER ALFIERI: That would be great.

22 MR. LINNELL: Okay. I'm just checking if I'm live
23 here?

24 OPERATOR: You are live, sir.

25 MR. LINNELL: Okay. Great. Well, thank you very

1 much for the opportunity to speak on this. I think it's a
2 great way to get input from the various vendors and
3 stakeholders.

4 At the TRPB we run --

5 COMMISSIONER ALFIERI: Excuse me. Tell us --

6 MR. LINNELL: Sorry.

7 COMMISSIONER ALFIERI: -- tell us your name again.

8 I'm sorry. Tell us your name again.

9 MR. LINNELL: Curtis Linnell.

10 COMMISSIONER ALFIERI: Oh, okay.

11 MR. LINNELL: And I'm with Thoroughbred Racing --

12 COMMISSIONER ALFIERI: Thank you. Go ahead.

13 MR. LINNELL: -- Thoroughbred Racing Protective
14 Bureau. We currently --

15 COMMISSIONER ALFIERI: Yeah.

16 MR. LINNELL: -- run a wagering analysis and
17 security platform. And one of the functions of that
18 platform is to database all transactions that are made from
19 any tracks that are member clients. We have two member
20 track clients in California with Del Mar and Santa Anita.
21 We also have, as a client, Monarch Product Management. So
22 in terms of our database program, we record and database at
23 the close of betting for every bet made in all pools,
24 including the multi, like Pick pools.

25 I just wanted to confirm for the Board that we are

1 able to track and support alternate runner selections. So
2 if and when anyone offers those, we are able to database
3 those bets and database the alternate runners selections on
4 those bets.

5 COMMISSIONER ALFIERI: Very good. Very good.

6 MR. CHANEY: Commissioner Alfieri, Scott Chaney
7 again. And to be fair to --

8 COMMISSIONER ALFIERI: Scott?

9 MR. CHANEY: -- to be fair to Mr. Linnell, we
10 had -- we met probably, what, about two months ago or two-
11 and-a-halfmonths ago. You can see TRPB did send a proposal
12 over to the CHRB fairly recently with respect to, you know,
13 operating the same sort of integrity and wagering tracking.
14 And it's something, you know, that I should probably discuss
15 with the Board.

16 Again, two, as he pointed out, two of our tracks
17 currently have their own contracts for this type of service.
18 But I think it's an open question and interesting, whether
19 the CHRB should contract with them in order to provide it
20 for the entire state? So definitely something, you know,
21 you should consider for the future.

22 COMMISSIONER ALFIERI: Very good.

23 MR. CHANEY: I'm not sure --

24 COMMISSIONER ALFIERI: Thank you.

25 MR. CHANEY: -- I should add, I'm not sure that it

1 would impact kind of -- certainly, like it wouldn't have
2 prevented the Modern Games incident. And I'm not sure it
3 would have -- would kind of push this conversation forward
4 in terms of some of the regulatory changes that we can make.
5 But wagering integrity and research is certainly important.
6 And they all, you know, sort of fit together, I would say.

7 COMMISSIONER ALFIERI: Absolutely. I mean, let's
8 look at the whole picture.

9 Is it possible to get a copy of that for the
10 Committee --

11 MR. CHANEY: Yes. I'll send --

12 COMMISSIONER ALFIERI: -- Scott, what --

13 MR. CHANEY: -- I'll send you and --

14 COMMISSIONER ALFIERI: -- what he provided?

15 MR. CHANEY: Of course.

16 COMMISSIONER ALFIERI: The whole Committee, too?

17 MR. CHANEY: Yes, exactly.

18 COMMISSIONER ALFIERI: Thank you.

19 MR. MARTEN: Well, I would suggest, we seem to
20 have covered the ADWs and TRPB. And I would suggest that we
21 look at this consolation idea. And we invited
22 representatives of AmTote to address it and I see two AmTote
23 representatives are on. And whichever of them would prefer
24 to speak, I would suggest they press star one right now so
25 we could move them to the head of the list.

1 COMMISSIONER ALFIERI: Right. Do they want to?

2 MR. MARTEN: I guess if neither of them wants to
3 speak, we won't see them pop into the queue here. Let's
4 give it another 20 seconds.

5 Star one if somebody from AmTote would like to
6 address this issue. There we go.

7 Operator, would you move Ryan up?

8 OPERATOR: Okay. Ryan Sersen's line is live.

9 MR. SERSEN: Okay. Good morning everybody.

10 COMMISSIONER ALFIERI: Good morning. Give us your
11 name --

12 MR. SERSEN: Thanks for the opportunity.

13 COMMISSIONER ALFIERI: -- Ryan?

14 MR. SERSEN: Ryan Sersen. I'm the product owner
15 for AmTote International.

16 COMMISSIONER ALFIERI: Okay. Thank you.

17 MR. SERSEN: And on the topic of consolation
18 payouts for Pick N pools, those being Pick 4, Pick 5, Pick 6
19 and higher, we have investigated this recently at the
20 request of Mike. I would say that currently the technology
21 would need enhancements to support this, the hurdle being
22 not so much the tote companies themselves but the industry
23 protocol that we use to send wagering data between the
24 different type systems.

25 COMMISSIONER ALFIERI: Um-hmm.

1 MR. MARTEN: Is that the --

2 MR. SERSEN: Currently, we do not.

3 Sorry. Go ahead.

4 MR. MARTEN: Is that the same answer that we had
5 ten years ago with nothing's changed?

6 MR. SERSEN: Yeah. I don't think I was with
7 AmTote for that discussion. But I would assume it's the
8 same answers from back then with the same restrictions.
9 Basically, I don't think we've had this request from a
10 jurisdiction to support consolation payouts for Pick N
11 pools, so it's never been something we've tackled.

12 It's certainly something we could change in the
13 protocol but it would be an industry collaboration between
14 all the major tote companies since we'd all need to support
15 it to be able to calculate consolation payouts. It's not
16 something that AmTote could fix by themselves.

17 COMMISSIONER ALFIERI: Um-hmm. Okay.

18 MR. MARTEN: Well, so nothing's changed. And we
19 don't even know that even -- that there is a big demand for
20 that. We'd have to hear from betters saying they want
21 consolations in Pick Ns and I'm not sure that we'd get that
22 kind of response because, as I said, they're after the big
23 prize, not a consolation. So I understand it.

24 Once we're completed with speaking with Ryan,
25 Curtis Linnell has logged back on. Apparently, he has

1 something to say about this, but I don't want to cut off
2 Ryan, let you continue.

3 MR. SERSEN: Yeah. I'll just say that on the
4 topic of alternate runner selections, certainly, being the
5 tote provider for California, we support that. We've helped
6 express that with their implementation recently. And we can
7 certainly support our other ADW customers to implement
8 similar measures.

9 COMMISSIONER ALFIERI: Okay.

10 MR. CHANEY: You know, Scott Chaney here.

11 Mike, I think you point something out, I mean, I
12 guess it's two separate questions, right, does the
13 technology exist, A, and B, or maybe vice versa, is this
14 something that the wagering public is interested in. I
15 mean, I haven't wagered for some time but my guess is that
16 the alternate would be like a much more popular option than
17 some, you know, consolation payout for 4s, 5s and 6s, but I
18 could be wrong. Hopefully we'll have some of the wagering
19 public or some of the wagering groups speak today.

20 COMMISSIONER ALFIERI: All right. Thank you,
21 Ryan.

22 Did we have someone else from AmTote?

23 MR. MARTEN: No, there's nobody else from AmTote.
24 Yeah, he spoke for them.

25 COMMISSIONER ALFIERI: Oh.

1 MR. MARTEN: So --

2 COMMISSIONER ALFIERI: Okay.

3 MR. MARTEN: -- there is another AmTote person
4 logged on but I think they just let Ryan speak for them.

5 COMMISSIONER ALFIERI: Oh, got it.

6 MR. MARTEN: And so I would say that let's see if
7 Curtis is -- had some input on this particular subject.

8 COMMISSIONER ALFIERI: Okay.

9 OPERATOR: Okay, Mr. Linnell, your line is live.

10 MR. LINNELL: Okay. Thank you. One of the
11 functions we have at TRPB is to help coordinate the
12 International Tote Protocols Group. The International Tote
13 Protocols Group involves 18 tote vendors from around the
14 world, including all four tote vendors from North America.
15 And in this group, we do have an online basecamp site that
16 we discuss international tote protocol issues and options.
17 And we meet once a year in Tucson, Arizona during the
18 Racetrack Industry Program Symposium.

19 I have to say that in the 20-odd years that we've
20 been coordinating and operating, and in the last 15 having
21 this more formalized group of the International Tote
22 Protocol Committee, there has not been a vendor in a single
23 instance who has brought up, nor requested, the Committee
24 include consolation payouts from multi-laid Pick pools of
25 Pick 4 or higher. That is not something that's come up. It

1 could be something if one of the participants to the group
2 wants to place that on an agenda or have some discussion.

3 But, certainly, we can attest that that has not
4 been a subject of discussion, nor of something of interest
5 for, really, anyone on the planet, and that includes all
6 major tote companies in the world, including Sweden, France,
7 Hong Kong, and everyone else, so --

8 COMMISSIONER ALFIERI: All right. Thank you.

9 MR. MARTEN: Now the other AmTote rep, Dave
10 Payton, has pressed star one, so I suggest we hear from
11 David.

12 COMMISSIONER ALFIERI: Thank you. Go ahead.

13 MR. PAYTON: Yeah. Thanks everybody. Sorry about
14 that. My cell phone wouldn't accept my star one for some
15 reason, so I was fighting with my phone for a bit.

16 I think that Ryan probably covered the tote side
17 of things. And then Curtis covered a lot of the other
18 points that I would make.

19 Like Mike, I've been around for a long time, too,
20 and I actually worked at a tote company when alternate
21 runners were first introduced into California, and there was
22 talk of consolations at the time. Again, this is 20-plus
23 years ago. But I think one side, is like Mike said, that
24 the people would rather have the opportunity for a big
25 payout by picking their own winners rather than the

1 consolation. So there's really never any -- any real drive
2 for -- to offer those consolations on Pick N wagers.

3 And like Ryan said, it's a protocol issue. Since
4 we didn't have any driving customer to really force the
5 issue and get the internet -- get the protocol working to
6 address a different method for scaling Pick N pools, that's
7 just never been addressed.

8 COMMISSIONER ALFIERI: Okay.

9 MR. PAYTON: And like Curtis said, over all these
10 years, it's never come up again.

11 COMMISSIONER ALFIERI: Okay.

12 MR. MARTEN: Well, that completes all of the
13 industry people that logged on. So at some point you might
14 to then invite the public to speak.

15 COMMISSIONER ALFIERI: Right. Any other -- any of
16 the brick-and-mortar facilities? Anyone on from Santa Anita
17 or anybody?

18 MR. MARTEN: Well, they're logged on but I guess
19 you could ask them to press star one if they would like to
20 speak, Santa Anita, the horsemen groups and whoever, give
21 them a chance to press star one.

22 COMMISSIONER ALFIERI: Sounds like they don't want
23 to comment.

24 MR. MARTEN: Okay, we do have Mary Forney with the
25 Thoroughbred Owners of California.

1 COMMISSIONER ALFIERI: Oh, great.

2 Mary, go ahead.

3 MS. FORNEY: Thank you. Good morning everyone.

4 Thank you for hearing from us.

5 I just wanted to go on record as saying that the
6 TOC would be opposed to the elimination of Rule 1974 because
7 it does offer protection for the owner in the event a horse
8 is removed due to a -- from a race, from a wagering pool,
9 due to a tote provider error or any other similar error and
10 the owner or the trainer is not at fault. And it would
11 allow the horse to continue to start in the race as a non-
12 wagering interest.

13 COMMISSIONER ALFIERI: Right. Okay.

14 MS. FORNEY: Thank you.

15 COMMISSIONER ALFIERI: We will log that in.

16 MR. CHANEY: And Commissioner Alfieri, Scott
17 Chaney here. Just a little background on 1974. That was
18 the Board put that into place about ten years ago. So, in
19 fact, in the life of the CHRB, it's a fairly recent rule.
20 As I recall, we did have, maybe, an incident at Santa Anita
21 when a horse -- the vets making a mistake is a -- it's the
22 first time I've ever heard of it happening and probably will
23 never happen again as, you know, very much we just go
24 (indiscernible) with having, you know, too many, probably,
25 too many veterinarians and not a proper power structure.

1 But the sort of garden variety cases take places,
2 like tote operator, you know, (indiscernible) or something
3 and putting in the wrong number when the horse is being
4 scratched. So that's the more common sort of incarnation of
5 this. And I believe that happened at Santa Anita, probably
6 11 years ago. And then this rule was put in place sort of
7 in response to that because there was some general feeling
8 among trainers and owners that that horse not being able to
9 run was unfair to them. Obviously, it happened with --

10 COMMISSIONER ALFIERI: Scott?

11 MR. CHANEY: -- it doesn't happen very frequently.
12 Sadly, when it happened this time, it was on a massive
13 scale, obviously.

14 So just kind of filling in the gaps for the
15 Committee.

16 COMMISSIONER ALFIERI: Okay. Thank you. Okay.

17 Anyone else, Mike, that you think needs to be on?

18 MR. MARTEN: Well we invited the industry to press
19 star one and Mary was the only one that did, so I think we
20 are --

21 COMMISSIONER ALFIERI: Okay.

22 MR. MARTEN: -- ready to go to the public now.

23 COMMISSIONER ALFIERI: Yeah. Let's move into item
24 two, which is opening it up for public comment.

25 MR. CHANEY: Commissioner Alfieri, if I may? I

1 think -- so we need to allow public comment on, and we want
2 to, frankly, on agenda item number one.

3 COMMISSIONER ALFIERI: Right. Okay. Got it.
4 Yeah. Got it. Okay. So let's do that.

5 Opening up anyone on the line that would like to
6 make a comment regarding item number one?

7 MR. MARTEN: So, Operator, just start at the top
8 there, Patrick Cummings, and work your way down.

9 OPERATOR: Okay. Our first comment comes from
10 Patrick Cummings with Thoroughbred Idea Foundation.

11 MR. CUMMINGS: Thank you so much.

12 COMMISSIONER ALFIERI: Go ahead, Patrick.

13 MR. CUMMINGS: And thank you, Commissioner.

14 I really appreciate the attention to the alternate
15 selections and evolving that for online players. I think
16 that's a great step. It is, however, just kind of one angle
17 of the impact in this particular incident.

18 Our organization, the Thoroughbred Idea
19 Foundation, advocates for improvements in the sport to
20 horseplayers overall. And as it relates to this incident,
21 we really believe that allowing any horse to run only for
22 purse, effectively, has created two races, one race for the
23 betters and one race for everyone else. Their interests are
24 no misaligned.

25 So as the rule states, we think that actually

1 disregarding one horse pari-mutuelly is the equivalent of
2 disregarding the interests of all horseplayers entirely.
3 That horse, in this case Modern Games, has the ability to
4 impact the pari-mutuel in any number of ways beyond what we
5 can even fathom.

6 The rules, in our opinion, should be amended to
7 provide protection for all who bet the race, no matter when
8 those bets were placed. At present, intra-race (phonetic)
9 betters win exacta, trifecta, they're very well protected.
10 They got a refund. But is those multi-race players who are
11 not necessarily protected. The horse was removed from the
12 pools and, yes, they may have gotten the post-time favorite
13 or, in the future, they could get an alternate selection.
14 But in this race itself, far more in multi-race handle was
15 impacted by this rule in the sum of the intra-race bets
16 which were refunded.

17 The Pick 5 pool, which would have been paid to
18 anyone who had used Modern Games, was larger than the race's
19 entire win, exacta, and trifecta pools combined. Pick N
20 betters were not protected. Now there are reasons to think
21 that, well, some of them were. But every better that have a
22 live ticket in that race was impacted by allowing a horse to
23 run for purse only.

24 So in the event of an error in the future, if the
25 rules enable a horse like Modern Games to run, we suggest

1 the entire race should be declared a non-wagering event.

2 Now this sounds like a dramatic step. But the greatest
3 protection to customers is to pay them, give refunds, or pay
4 out on all in multi-race bets, as if the race were canceled.

5 The threat of having to refund all bets would
6 serve as an adequate check on the certainty of officials on
7 the day. Hopefully such a rule won't be required in the
8 future. It may never happen again. But the value of lost
9 customer confidence is really incalculable.

10 Our suggestion is to please not let the California
11 rules continue to enable such an unequal outcome from
12 happening again. Allowing horses to run for purse only does
13 that.

14 COMMISSIONER ALFIERI: Thank you.

15 MR. MARTEN: Can I --

16 MR. CUMMINGS: Thank you so much.

17 MR. MARTEN: Can I ask your question?

18 COMMISSIONER ALFIERI: Yeah.

19 MR. MARTEN: Are the non-wagering events and all,
20 those are not mutually exclusive; right? You could do an
21 all without going to non-wagering events; am I correct?

22 MR. CUMMINGS: I'm not 100 percent certain on
23 that. And I'm not sure what the protocol exactly is set up
24 to do in that case. But we do think it's the fairest
25 outcome for the greatest number of stakeholders.

1 MR. MARTEN: Well, we have that in place right
2 now. When there's a service change in the middle of a card,
3 which has happened, the Pick N wagers all get -- it's an
4 all, but it doesn't mean you cancel. It doesn't mean the
5 event becomes non-wagering. It means that one aspect of the
6 wagering becomes an all. I hope I'm not confused on this
7 but that's my understanding.

8 So I don't see -- you can accomplish what you want
9 with an all, which is not something we've discussed but it's
10 an interesting proposal, and without going to the extreme of
11 making it a non-wagering event.

12 MR. CUMMINGS: I think that would be a welcome
13 outcome. And anytime that you allow any single horse to
14 race for non-wagering against horses who are, again, that's
15 where we think the uneven outcomes exist. So any step that
16 would ensure that all of the betters either had their money
17 refunded for each race or are paid to all in the multi-race,
18 that would be a significantly positive outcome for
19 horseplayers.

20 COMMISSIONER ALFIERI: Okay. Very interesting.

21 Scott, any thoughts, questions?

22 MR. CHANEY: Yeah, no I don't. I'm not sure. I
23 think both Mr. Cumming's suggestions and Mike's suggestions
24 are interesting but I'm not -- I don't think -- I mean, that
25 middle ground kind of, right, in protecting owners and

1 trainers and the wagering public would be fantastic. I'm
2 not sure that the all does; right? Because you still have,
3 and correct me if I'm wrong, Mike, but you still have a
4 horse running for purse money only in the all event, in the
5 all --

6 MR. MARTEN: Yeah.

7 MR. CHANEY: -- if that eventuality took place.
8 I'm just trying to think out the logistics of it.

9 MR. MARTEN: Yeah, that would be true --

10 MR. CHANEY: Okay.

11 MR. MARTEN: -- but eliminate what Mr. Cummings
12 considers the unfairness to betters.

13 COMMISSIONER ALFIERI: Scott?

14 MR. MARTEN: I'm not necessarily totally in
15 agreement with this. I'm just saying --

16 MR. CHANEY: Yeah.

17 MR. MARTEN: -- it's an interesting idea and it's
18 definitely going to take more thought and would appreciate
19 more input on it. Again, it's not -- there's been
20 precedence that we have a rule in place that allows for alls
21 and --

22 MR. CHANEY: For sure.

23 MR. MARTEN: -- so --

24 MR. CHANEY: And to --

25 COMMISSIONER ALFIERI: Correct.

1 MR. CHANEY: -- and to be clear for the Committee,
2 and, hopefully, Mr. Cummings is still on the line, the -- I
3 sort of disagree. I think the concept of purse money only
4 is a little bit overblown but it's an important point that,
5 you know, sort of it should be discussed.

6 One of the things I heard in the wake of the
7 Modern Games incident was what happens if Modern Games would
8 have, you know, fouled another horse? I mean, to be clear,
9 for everyone on this call, in that case they're all --
10 they're still subject to the same careless riding and
11 disqualification protocols and rules as every other horse;
12 right? So Modern Games could have been disqualified for
13 interference and placed last.

14 And I submit and for something to consider is that
15 most of the handicappers included Modern Games in their
16 handicapping. So when that horse was then just completely
17 eliminated, I guess the question is, is that also fair to
18 the wagering public? Now that's not Mr. Cummings' position.
19 He thinks Modern Games stays in. But all of the horses are
20 in the same position rather than the other.

21 But like I just wanted to be clear that, to the
22 extent that there's interference, the horse running for
23 purse money only would still be subject to, you know,
24 disqualification.

25 I think the real issue, and correct me if I'm

1 wrong, I don't want to put words in your mouth, Mr.
2 Cummings, is that it's simply it's unsatisfying or feels
3 unfair to watch the horse that you preferred to wager on, in
4 this case, Your Honor, win the race and not have that horse
5 in these.

6 MR. CUMMINGS: Yes. I appreciate that, Director
7 Chaney. I agree, that is definitely one of the emotions
8 that I think horseplayers went through on the day, and
9 certainly the crowd made their sentiment known publicly
10 there onsite. I was there to witness it.

11 But the -- I think the sentiment relative to the
12 demotion or the interference completely onboard, I don't
13 think that is really the entirety of it. And we don't want
14 to put Modern Games, you know, this could be any horse. I
15 think the way to put perspective on that is if the horse is
16 allowed to run for purse only is believed to be the pace
17 setter, the horse that's likely to go out and set a swift
18 early gallop, that horse is allowed to control the pace for
19 the race that's going to affect the betters but for which
20 there is no wagering recourse.

21 And that, I think, is how things kind of come into
22 the equation, that there are so many possible things that
23 could happen in the outcome of the race that by allowing any
24 horse the ability to run purse only, you then -- you now
25 have created two races.

1 So we really want to protect owners and trainers
2 and jockeys and breeders, whether it's a ten claimer or a
3 Grade 1 stake's race, and the purse only rule does that.
4 It's then, I think, about how you can make sure you have a
5 positive outcome for the horseplayers. And as Mr. Marten
6 seemed to subject Mr. Marten seemed to suggest as one
7 possible solution, I'm certainly onboard anything that
8 enables, in this very rare instances, that the race end up
9 becoming an all for multi-race wagers.

10 Mind you, if an error took place, right, so we
11 have to have -- a couple of things have to happen before
12 this would have triggered purse only considerations, that
13 all, in some way, shape or form, enables the greatest kind
14 of mutual benefit and outcome for the horseplayers. It's to
15 going to be satisfactory for all horseplayers, mind you.
16 There will still be complaints.

17 MR. CHANEY: Yeah.

18 MR. CUMMINGS: There are definitely people that
19 would be upset with that outcome because they would have
20 gotten less than if the horse had run outright, if an error
21 hadn't been committed in the first place. We get that.

22 MR. CHANEY: Right. No. Agreed. I think the
23 obvious solution is never to have any errors; right? I
24 mean, that's the --

25 MR. CUMMINGS: Yeah. Right.

1 MR. CHANEY: -- that's the goal.

2 MR. CUMMINGS: Right.

3 MR. CHANEY: They will happen occasionally. I
4 think you're right to point out that it's exceedingly rare.
5 That, you know, unfortunately, we did it on a pretty big
6 scale.

7 Just for benefit of the Committee, the purse money
8 only designation originally was a pretty popular concept in
9 New York, especially, they were sort of one of the last
10 holdouts with respect to entries and coupling. And the
11 purse money only concept was used for a long time, you know,
12 when you had wagered on an entry and one of the horses was
13 scratched, like during the post-parade for example. And as
14 you can imagine, sometimes the entries would be made up of a
15 4-to-5 shot and a 30-to-1 shot. And if you ended up, you
16 know, the 4-to-5 shot was scratched, the entry became purse
17 money only because, as you can imagine, wagerers didn't
18 really, you know, want the 30-to-1 shot.

19 So the concept or its original kind of incarnation
20 was, you know, to help the wagering public. With the sort
21 of entries not being a thing anymore, it's probably -- it's,
22 you know, less -- it's less that.

23 Mr. Cummings, do you have any appreciation for how
24 other states do it, or how other even countries do it,
25 either purse money only --

1 MR. CUMMINGS: Sure.

2 MR. CHANEY: -- or in the alternative, your, you
3 know, your preference for the entire racing non-wagering
4 event?

5 MR. CUMMINGS: Yes. I can tell you that we have
6 submitted -- our organization has submitted public comments
7 to the State of New York on the issue of eliminating entries
8 altogether, because New York is the one place, I'd say, that
9 horseplayers are accustomed to that purse money only thing
10 happening a few times a year where one entry ends up getting
11 scratched and then the other runs, as you outlined, you
12 know, exactly.

13 So New York is in the process of considering that
14 rule. And I know the New York Racing Association seems to
15 have been supporting it. Our organization sent a letter to
16 the gaming Commission in support of eliminating the entry --
17 coupled entry rule and that would greatly limit the
18 opportunity of that purse only.

19 I can speak internationally. I worked for three
20 years in Hong Kong with the Hong Kong Jockey Club. It is a
21 jurisdiction that does not have coupled entries. And the
22 incident really is one that just is kind of beyond
23 consideration of something that would really happen there.
24 They would really never find themselves in that situation
25 because of just the way in which some things in the rules

1 are operating. It's not possible to run a horse for purse
2 only at all.

3 It does allow a catchall provision, though, and
4 there, you know, there is, understandably, some benefit for
5 it. And we just appreciate the attention to any matter that
6 tries to treat the horseplayers as equally as possible.

7 MR. CHANEY: Okay. No. Thank you for that. I
8 appreciate it. I think you're right, too, to point out that
9 in sort of promulgating regulations, our aim is to make the
10 largest number of people satisfied as we can, and then with
11 the recognition that whatever kind of rule or protocol we
12 put in place, not everyone will be satisfied.

13 But again, agreed that not having errors is the
14 ultimate goal.

15 Thank you, Mr. Chairman. It's always weird. I
16 guess you're --

17 COMMISSIONER ALFIERI: Oh.

18 MR. CHANEY: -- technically Chair of the
19 Committee, but Commissioner Alfieri, thank you.

20 COMMISSIONER ALFIERI: Yeah, that's great. This
21 input is very important.

22 Anyone else?

23 Thank you, Mr. Cummings.

24 Mike, anyone else, you think, on there?

25 MR. MARTEN: Yeah. There's three members of the

1 public that have been waiting very patiently.

2 COMMISSIONER ALFIERI: Okay. Well, why don't we
3 commend to --

4 OPERATOR: Our next comment comes from Bonnie
5 Croker with Kill Racing Not Horses.

6 COMMISSIONER ALFIERI: Go ahead.

7 MS. CROKER: Well, hello and good --

8 COMMISSIONER ALFIERI: Good morning.

9 MS. CROKER: Good morning and thank you so much
10 for this opportunity to speak.

11 I'd like to propose that the members of this
12 Committee, as well as those listening, consider using your
13 significant talents to support human sports wagering. The
14 revenue generated by horse racing is becoming miniscule
15 compared to the revenue acquired from other forms of
16 gambling.

17 With online human sprots wagering gaining
18 unprecedented popularity, why would you want to remain part
19 of the corrupt and dying horse racing industry? You'd have
20 to be absolutely ignorant not to recognize that human sports
21 wagering is the better gamble. Get out while you can before
22 the voting citizens of California show you that, along with
23 the despicable horse racing industry.

24 Thank you.

25 COMMISSIONER ALFIERI: Thank you. I was going to

1 say, that's probably more suited for agenda item number two,
2 but that's all right.

3 Go. Who's up next?

4 Thank you.

5 OPERATOR: Our next comment comes from Heather
6 Wilson with California voter.

7 MS. WILSON: Yes. Hi. Good morning.

8 It was assumed that chestnut colt, Modern Games,
9 the rail runner, broke through the gate when, in fact, an
10 assistant starter had run around the front and opened it,
11 (indiscernible) Modern Games response to another horse in
12 the same field at the Breeders' Cup. The horse in the
13 neighboring stall, number two, the chestnut gelding Albahr,
14 who freaked out and flipped inside the gate, Albahr was
15 scratched with the full incident broadcast by NBC Sports,
16 despite the track announcer trying to beg the cameraman to
17 get off that shot.

18 So this is a quote from the then Equine Medical
19 Director for the CHRB, Dr. Blea.

20 "As you know, they can lunge forward, hit that gate,
21 and you may have a shoulder stress fracture or a
22 humeral stress fracture that won't be identified until
23 it happens in the race."

24 So we have all this talk about the gamblers but
25 what about the horses?

1 Incidentally, Modern Games has not raced since the
2 Breeders' Cup incident. And he has no workouts posted on
3 the DRF. His race at Del Mar was his first and only start
4 in the U.S. since being shipped in from Ireland.

5 Then there's Albahr, who is the epitome of
6 transcontinental trafficking, four starts in Great Britain,
7 one start at Woodbine in Ontario, then his attempted start
8 at Del Mar. and as of this January, he is now in Dubai at
9 Meydan Racecourse. That's over 15,000 miles of traveling.

10 So just what kind of regulatory changes is this
11 meeting proposing? Horses that break through the gate
12 should be automatically scratched. Modern Games was
13 scratched and then you had (indiscernible) that he broke
14 through. Horses break through the gate all the time,
15 especially at Los Alamitos. And most of the time they are
16 just apprehended, which is a perfect word since they are, in
17 fact, prisoners with zero freedom, and they are just
18 reloaded and forced to run.

19 This has to stop. These horses must be scratched
20 when they break through the gate.

21 COMMISSIONER ALFIERI: Thank you.

22 MS. WILSON: You're welcome.

23 COMMISSIONER ALFIERI: Any other callers?

24 OPERATOR: And our next comment comes from Martha
25 Sullivan with Kill Racing Not Horses.

1 COMMISSIONER ALFIERI: Good morning, Martha.

2 MS. SULLIVAN: Good morning. First, I wanted to
3 say, I really appreciate hearing Pat Cummings this morning.
4 I've been following him for the last couple of years now and
5 always find his analysis and thinking to be very
6 illuminating.

7 Secondly, I wanted to ask, the CHRB put a report
8 out on this incident a few months ago and you had five
9 recommendations in the report and you've only, basically,
10 discussed, I think, maybe one of them. I would expect this
11 Committee to go in fully to those recommendations and, you
12 know, as, basically, your agenda within an agenda item and,
13 you know, discussing those. So I'm surprised that you
14 haven't.

15 Thirdly, I just what to reference, I watched the
16 race, you know, at the core of this and the Breeders' Cup.
17 And what I recall is that it was the last race of the day
18 and everyone was basically, you know, racing with the
19 sunset. There was also the ambulance had to leave because
20 of the assistant starter who was injured, you know, to the
21 hospital. And so they also had to wait for another
22 ambulance to be on the track before they could race.

23 So I think that those two things also should be
24 discussed as contributing, probably, to the, you know, the
25 frantic nature of the situation and people feeling like --

1 feeling very pressured to make decisions because they didn't
2 want to have darkness fall on the last race. So I think
3 that that really needs to be part of your conversation, as
4 well.

5 COMMISSIONER ALFIERI: All right, Martha. Thank
6 you. Appreciate it. And there are other discussions, you
7 know, items that we have in our report that we are
8 discharging. Again, this -- that was sent to the public and
9 anyone could comment on those suggestions and items. And so
10 we're hearing from the stakeholders and it's up to them to
11 make those comments, so -- or questions and comments. I
12 mean, we're still in -- we're fact finding today, so that's
13 what the purpose of this meeting is.

14 Anyone else now from the general public?

15 MR. MARTEN: Well, Heather Wilson has logged back
16 on, but having spoken already on this, I think she's
17 probably logged in for the next item, public comment, I
18 mean --

19 COMMISSIONER ALFIERI: Right.

20 MR. MARTEN: -- I guess.

21 COMMISSIONER ALFIERI: Right. Anyone else, other
22 than Heather?

23 MR. MARTEN: Well, no.

24 COMMISSIONER ALFIERI: Okay.

25 MR. MARTEN: So --

1 COMMISSIONER ALFIERI: All right.

2 MR. MARTEN: -- let's move forward to -- why don't
3 you invite people to speak on item two? We might get more.

4 COMMISSIONER ALFIERI: Yeah. Yeah. I want to,
5 first, go to Commissioner Castellanos.

6 Any comments at this point on item number one,
7 Damascus?

8 COMMISSIONER CASTELLANOS: You know, the only
9 thing that I can say at this time is exactly kind of what
10 you said already, is that we're factfinding. We're opening
11 this up for discussion and we're trying to kind of
12 understand what options may be out there, if any, and then
13 we go from there. There's nothing to regulate at this time
14 that -- I don't think so. But it's been --

15 COMMISSIONER ALFIERI: Correct.

16 COMMISSIONER CASTELLANOS: -- a very interesting
17 conversation, I've been kind of jotting down some notes, and
18 it's very interesting on the things that we've heard so far.
19 And I believe that, you know, we have some work ahead of us
20 if that's what we're going to be doing, sir.

21 Yeah, thank you very much.

22 COMMISSIONER ALFIERI: Well, exactly. I would
23 just -- you know, this is work in progress. I agree with
24 you, very interesting.

25 So I will now go to item number two. Does that,

1 Scott, does that make sense? Anyone else --

2 MR. CHANEY: Yeah, it does.

3 COMMISSIONER ALFIERI: -- like to comment?

4 MR. CHANEY: And so just, yeah, thank you,
5 Commissioner Alfieri. Yeah.

6 So procedurally, obviously, this Committee will
7 give a report to the full Board tomorrow. And to the extent
8 that you want to direct Staff, you know, to reach out to the
9 ADW companies and figure out if an alternative selection is
10 possible and/or probable or, you know, to suggest a
11 regulation with respect to Mr. Cummings' comments, we can do
12 that but, obviously, that can take place tomorrow with the
13 full Board.

14 So then, procedurally --

15 COMMISSIONER ALFIERI: Right.

16 MR. CHANEY: -- we'll move on to item number two.
17 And when public comment is complete, you can just adjourn
18 the meeting.

19 COMMISSIONER ALFIERI: Before we do that, I think
20 I'd like to ask if there's any other members of the staff
21 that have questions? We have quite a few members of our
22 staff on. Are there any comments or questions from the
23 staff, other than Scott and Mike?

24 MR. CHANEY: Commissioner Alfieri, the room is
25 pretty silent, at least at headquarters.

1 COMMISSIONER ALFIERI: They're speechless. Okay.
2 Let's move forward. Go ahead.

3 MR. CHANEY: No.

4 COMMISSIONER ALFIERI: Let's move forward with
5 that, which is public comment.

6 Do we have some callers on that?

7 OPERATOR: Okay. Our first comment comes from
8 Heather Wilson with California voter.

9 MS. WILSON: Yes. Good morning.

10 COMMISSIONER ALFIERI: Okay. Go ahead.

11 MS. WILSON: Thank you for this opportunity to
12 speak.

13 I wanted to bring to your attention the
14 ineffectiveness of the CHRB anti-slaughter policies. Just
15 last month, in February, a four-year-old bay filly named
16 Dynamite Queen ended up in a feedlot in Nevada that was
17 associated with Mitch (phonetic) Stanley. And she was due
18 to ship across the border. She was raced at Santa Anita,
19 Del Mar, and Los Al Thoroughbred. The filly did not like to
20 race and she made that clear with her performances. The
21 first start, she was pulled up, she was a DNF, pulled up,
22 walked off. She had a total of six starts and still a
23 maiden. Her most recent race was January 9th, 2022 at Santa
24 Anita where she placed sixth out of eight and is said to
25 have weakened. Her trainer was Craig Anthony Lewis. Her

1 owner was Andreas Loizu.

2 Dynamite Queen was bred by Michael McMahon, who
3 happens to be the president of the TCA, the Thorough
4 Charities of America. And this horse slipped through his
5 fingers. This horse was also failed by the CHRB, by Santa
6 Anita, and her last known connections. She was bred by the
7 president of the TCA, raced at top-tier tracks in
8 California, and this horse still ended up in the slaughter
9 pipeline, just one month after racing at Santa Anita.
10 Unacceptable.

11 For the last couple years we have been inquiring
12 about dozens of missing horses whose last known whereabouts
13 were at California tracks with CHRB oversight. And their
14 refusing to answer is the same as guilt. The CHRB is
15 sending horses to slaughter and now you just happened to get
16 caught.

17 Dynamite Queen is now safe, thank goodness. She
18 was bailed out and she's now in Arizona.

19 So please, stop telling me how much you love these
20 horses because the actions tell the public everything that
21 we need to know.

22 COMMISSIONER ALFIERI: Okay. Thank you, Heather.

23 Anyone next? Anyone up?

24 OPERATOR: And our next comment comes from Martha
25 Sullivan with Kill Racing Not Horses.

1 COMMISSIONER ALFIERI: Go ahead, Martha.

2 MS. SULLIVAN: Hello again. I am talking about
3 this today in hopes that it will be addressed tomorrow. I'm
4 surprised that there's nothing mentioned in tomorrow's full
5 Board agenda about the completion of the installation of
6 automatic fire sprinklers at San Luis Rey Training Center,
7 which, as I recall, the final deadline the Board gave The
8 Stronach Group is the end of March. But there's not
9 anything on your agenda tomorrow to indicate any kind of a
10 status report which I find rather shocking given that you've
11 given them several extensions to get this accomplished.

12 And I also find it shocking because I just found
13 yet another news report, this one in the *Paulick Report* just
14 recently, of a barn fire in, I believe it's Kentucky on
15 February 27th, when Riverview Stables, a 36-stall boarding
16 operation based at Stone Place Farm in Prospect, Kentucky,
17 burned to the ground. Neighbors said it happened fast,
18 flames engulfing the facility in the early hours of the
19 morning before the fire department could arrive. The fire
20 claimed the life of one horse," of course, an unfathomable
21 result.

22 This Board's, you know, unfathomable taking
23 lightly of fire protection at horse racing facilities
24 continues to boggle my mind.

25 COMMISSIONER ALFIERI: Okay. Thank you, Martha.

1 Next caller, please.

2 OPERATOR: And our next comment comes from Bonnie
3 Croker with Kill Racing Not Horses.

4 MS. CROKER: Thank you and good morning once
5 again. I appreciate this opportunity to speak.

6 In line with my earlier comments, I urge members
7 of this Committee to discontinue their work with the
8 California Horse Racing Board. They are a flawed and
9 failing entity. Their rules are ineffective and
10 unenforceable.

11 Their recordkeeping is atrocious. They can't keep
12 track of injured and killed horses. Their veterinary
13 records that the public is encouraging to rely on are in
14 constant conflict and disagreement with the CEMA (phonetic)
15 vet list. The CHRB has actually stated that they rely more
16 on the CEMA vet list, rather than their own CHRB vet's list
17 for up-to-date information on horse injuries and illnesses.

18 The CHRB is divided into two factions with one
19 being the rubberstamping, mindlessly yielding faction
20 subservient to the corrupt horse racing industry, and the
21 other being a somewhat thoughtful, somewhat morally
22 conscious group who exercises at least a modicum of
23 authority.

24 The CHRB's Equine Medical Director has had his
25 veterinary license suspended for illegal practices.

1 There isn't enough time during these public
2 comment opportunities to discuss the inadequacy and failure
3 of the CHRB. I can't understand why members of this
4 Committee and those listening would want to have such a
5 group and contribute to animal cruelty as well.

6 Bet on free-willed humans I sports betting arenas,
7 not on enslaved horses who don't have a choice.

8 Thank you.

9 COMMISSIONER ALFIERI: Thank you.

10 Next caller.

11 OPERATOR: There are no further comments at this
12 time.

13 I'll turn the floor back to Commissioner Alfieri.

14 COMMISSIONER ALFIERI: Okay. Any further comments
15 from Commissioner Castellanos?

16 COMMISSIONER CASTELLANOS: Thank you very much but
17 nothing at this time.

18 COMMISSIONER ALFIERI: Okay. All right.

19 Scott, any further comments?

20 MR. CHANEY: Commissioner Alfieri, thank you.

21 Scott Chaney, Executive Director. I don't have anything
22 further. Obviously, you'll give a report to the full Board
23 tomorrow and we can take it from there.

24 COMMISSIONER ALFIERI: Right. Okay. Well, not
25 seeing any further business, I will call this meeting -- I

1 will adjourn this meeting. And thank you all for
2 participating today. And we will be on -- I'm sure some --
3 several of you will be on the call tomorrow of the public
4 hearing tomorrow of the full Commission, full Board.

5 Thank you very much.

6 MR. CHANEY: Thank you.

7 COMMISSIONER ALFIERI: Can I call for an
8 adjournment? Do you agree, Mr. Damascus Castellanos?

9 COMMISSIONER CASTELLANOS: I second that, sir.

10 COMMISSIONER ALFIERI: Are you ready for lunch?
11 Okay.

12 Thank you all very much.

13 COMMISSIONER CASTELLANOS: I'm going right into
14 another meeting. Thank you.

15 COMMISSIONER ALFIERI: Thank you, Scott. Thank
16 you, Mike.

17 (The Pari-Mutuel and Wagering Committee of the California
18 Horse Racing Board adjourned at 10:46 a.m.)

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CERTIFICATE OF REPORTER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of March, 2022.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

March 23, 2022